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SUBJECT: NIGER: CHINESE GOV'T BRINGS DREAM TO BUILD AN OIL REFINERY CLOSER TO REALITY AMID LOCAL CALLS FOR A THIRD TERM FOR PRESIDENT TANDJA

REF: A) NIAMEY 772 B) NIAMEY 452 C) NIAMEY 278

¶1. Summary. The Government of Niger's (GON) dream to build an oil refinery moved a step closer to becoming reality at an elaborate first-stone laying ceremony on October 27, 2008. The GON (all Cabinet Ministers, many National Assembly Members), traditional chiefs, political party heads, diplomatic corps dean (Chadian Ambassador) and Chinese Ambassador, business leaders and civil society leaders mobilized to Zinder (located approximately 900 kilometers east of Niamey and future site of the refinery) to attend the ceremony. Lauding President Tandja's vision and accomplishments such as the launches of the Kandaji Dam project and second Niamey bridge (to be built by the Chinese) to cross the Niger River, local chants filled the air calling for Tandja's third term. The refinery has long been touted as the answer to Niger's energy needs and economic development. The refinery's target completion year is 2011 and is expected to produce 20,000 barrels per day. End summary.

¶2. Fanfare and Expectations. For several days after the laying of the first stone for the refinery, the media (print, radio, television) was saturated with reporting on the Chinese refinery project. State television (Tele-Sahel) has had as its backdrop for the evening news a photo of the refinery draft. Prime Minister Seini Oumarou's official remarks emphasized that the GON's "first refinery" will usher in a new era of industrialization, economic development and prosperity for Niger. He noted the names of all 20 Ministers of Mines and Energy who over the decades had worked on the portfolio and contributed in their own way to the realization of the nation's dream. He spoke of the day when Niger would become a member of the Organization of the Petroleum Exporting Countries (OPEC). (Note: the GON Council of Minister's voted on June 2, 2008, to award to the state-owned Chinese national petroleum corporation in a US\$5 billion dollar deal the Agadem block in N'Guigmi (located about 1500 kilometers northeast of Niamey) in the region of Diffa. End note.)

¶3. The Minister of Mines and Energy Mohamed Abdoulahi helped broker the deal with the Chinese that the GON anticipates will facilitate Niger's entry into OPEC. The refinery is expected to produce 20,000 barrels a day, while Niger's internal oil consumption has been estimated at about 7,000 barrels a day. The \$US 1 billion investment to build the refinery is expected to cover construction costs, estimated at US\$600 million, and the remaining US\$400 million needed to build a pipeline connection to Chad. It was reported that about 1500 jobs will be created during the construction phase of the project and that 500 jobs will be created at the oil exploitation phase. The Council of Ministers in the project award phase required that the project be completed in three years or the Chinese face a financial penalty or possible or a retraction of the exclusive rights to explore in the Agadem block. (Note: The newspaper

"L'Enqueteur" reported the GON is preparing for the arrival of Chinese President Hu Juntao, but the GON has not made any statement on the matter. End note.)

¶14. Nigerien Constitution is not the Coran. Amid the droves of people who attended the Oct. 27 ceremony to lay the refinery's first stone, there were chants for GON President Tandja to "stay the course" and run for a third term of office. On Oct. 31 in Zinder, there also was a call and a march by a "committee to support Tandja" inviting the President to seek a third term and urging the National Assembly to think about a mechanism to permit the President to do so.

¶15. In "As-Salam", the weekly Islamic newspaper, President of the Nigerien Islamic Association Collective Cheikh Salifou Oumarou affirmed his support for a third mandate for Tandja. In response to a question about the Nigerien Constitution limiting presidential mandates to two five-year terms, the cheikh responded that "in Islam there are no term limits for a leader." When the interviewer stated that many in the general public did not find it appropriate for the cheikh, as a religious leader, to make such a public statement of support for Tandja, the cheikh expressed surprise that "certain politicians believe Muslims shouldn't have any opinion about the nation's political life because Muslim leaders are also part of civil society." He added, "we are not the United States of America, but one saw over there how religious leaders publicly supported President Bush when he ran for office. Muslims have the right to state which candidate they support." He concluded, "If a person in power has made the nation more prosperous, then there is no reason to block his momentum. Speaking my personal opinion and in my role as the leader of the Muslim Association, it's a good thing to modify the constitution to enable Tandja to lead the country because he has

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proven himself. The constitution is not the Coran, one can change it when necessary."

¶16. Moving Forward in the Dark. The Network of Organizations on Transparency and Budget Analysis (ROTAB) issued a statement noting the laying of the first stone for the refinery as an historic event for Niger, but criticized the opacity in the contract award process, including certain financial clauses and actions taken. It highlighted the GON failure to complete a study on the social and environmental impacts in the regions of the project exploitation. ROTAB called for more information on the additional revenue to become available for the national budget, as well as information on future investments necessary for Niger's development.

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